
GENERAL NOTICE

NOTICE 919 OF 2014

NATIONAL TREASURY

PUBLICATION OF EXPLANATORY SUMMARY OF AUDITING PROFESSION AMENDMENT BILL

The Minister of Finance intends introducing the Auditing Profession Amendment Bill in Parliament. The explanatory summary of the Bill is hereby published in accordance with Rule 241(1)(c) of the Rules of the National Assembly.

BACKGROUND

- The Auditing Profession Act, 2005 (Act No. 26 of 2005) ("the Act"), provides for the regulation of the auditing profession by establishing the Independent Regulatory Board for Auditors ("the IRBA"). The IRBA is responsible for the registration of individuals and firms as auditors for purposes of practicing the auditing profession.
- The Act currently does not regulate candidate auditors and this amendment is necessary so that all aspiring registered auditors are under the jurisdiction of the IRBA. In the past all candidates, who successfully completed the PPE and wanted to become a registered auditor, would register with the IRBA. The new model provides for a period of specialist training prior to a CA becoming a registered auditor. It is during this period of training the Registered Candidate Auditor will be subject to the regulation of the IRBA as a candidate auditor.
- Further a new Companies Act was enacted in 2008 to replace the Companies Act, 1973 (Act No. 61 of 1973). The Act has not been updated to align it to the Companies Act, 2008 (Act No. 71 of 2008).

MAIN OBJECTS OF BILL AND MAIN FEATURES OF PROPOSED AMENDMENTS

- The principal objects of the Bill are therefore to—
 - ✓ provide for the regulation of candidate auditors by the IRBA; and
 - ✓ update references to the Companies Act, 2008, in the Act.
- The main features of the proposed amendments regarding the regulation of candidate auditors are to—
 - ✓ define candidate auditors as individuals who have obtained a professional accountant designation from an accredited professional body that has been assigned accreditation;
 - ✓ include candidate auditors in the requirements for registration and to put them under the responsibility of the IRBA in matters of discipline in order to ensure protection of the public in the work they do; and
 - ✓ give registered candidate auditors the opportunity to gain exposure in practise to a broad range of issues faced by registered auditors before the candidate auditors become registered auditors themselves.
- The updates necessitated by the Companies Act, 2008, relate to the definition of "company" in section 1 of the Act and cross references to the Companies Act, 1973, in sections 38, 41 and 47 of the Act.

A copy of the Bill will be obtainable from the website of National Treasury at <http://www.treasury.gov.za> after the introduction of the Bill, and also by contacting:

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